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FM AMEMBASSY BUENOS AIRES
TO RUEHC/SECSTATE WASHDC 3212
INFO RUEHRC/DEPT OF AGRICULTURE WASHINGTON DC
RUEATRS/DEPT OF TREASURY WASHINGTON DC
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USDA FOR FAS/OA/OCRA/ONA/OGA/OFSO

SIPDIS
SENSITIVE

E.O. 12958: N/A

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SUBJECT: U.S. Beef Legislation Targeting Argentina: Sending the Right Signal

Ref: Buenos Aires 231

Summary

¶1. (SBU) Argentine industry and government contacts are concerned by U.S. legislative proposals to restrict approval of the country's fresh beef exports to the United States, including provisions in the Omnibus Appropriations Bill. The Argentine Government has placed a high priority on regaining access to the U.S. market since exports were suspended in 2001 after an outbreak of foot-and-mouth disease. President Fernandez de Kirchner and Production Minister Giorgi have both raised the issue with USG interlocutors and are encouraging Argentine ambassadors abroad to redouble efforts to open foreign markets to Argentine exports. Taking all possible steps to move forward with approval of fresh beef imports, particularly in implementing the requirements in the Omnibus Appropriations Bill, would send a strong signal that the U.S. Government is committed to the use of sound science in making market access decisions, that we are abiding by our commitments to avoid protectionist measures and that Argentina is not being singled out to prohibit trade. Given mounting pressures within Argentina to raise barriers to imports, this would be a valuable signal for us to send. End Summary.

¶2. (SBU) The Argentine Government has placed a high priority on regaining access to the U.S. market for fresh beef. Local industry and government contacts have expressed great concern over U.S. legislative proposals to restrict approval of imports of live cattle, sheep and swine, as well as fresh meat from Argentina. The proposals were included in the Omnibus Appropriations Bill approved by the U.S. Congress (Section 737) and in separate pending legislation introduced as the "Foot and Mouth Disease Prevention Act of 2009" (HR 1226 and S.377).

¶3. (SBU) Argentine exports of fresh beef to the United States were suspended in 2001 after the Argentine Government tried to hide an outbreak of foot-and-mouth disease. Neighboring Uruguay quickly acknowledged a similar outbreak in 2001 and gained approval to resume exports once again in 2003. The Argentine Government has been working with the USDA for approval of fresh beef exports, but is concerned that legislative restrictions could block further movement in this area. The Argentines argue that the legislative restrictions take no account of the science based approach that U.S. officials have said the USG is taking.

¶4. (SBU) President Fernandez de Kirchner raised the issue of beef access to the U.S. (as well as approval of lemon exports) during a meeting with House Agriculture Committee Codel Peterson in September ¶2008. More recently, Production Minister Giorgi raised market access for fresh beef and lemons in a meeting with the Ambassador on February 25 (Reftel).

Approval Process for Fresh Beef

¶5. (U) The USDA published a proposed rule to recognize the southern Patagonia region of Argentina as free of foot-and-mouth disease in ¶2007. The USDA sent an inspection evaluation team to review the sanitary situation of the region in February 2009. The USDA has also conducted a risk assessment for imports of fresh beef debone, matured beef originating from the rest of the country, but has not published a proposed rule to allow imports.

Omnibus Appropriations Bill

¶6. (SBU) As we understand, the provision approved in the Omnibus Appropriations Bill would prohibit the USDA from using FY 2009 funds to approve imports of fresh beef from Argentina until the USDA reports to Congress on the impact of such approval.

¶7. (U) The version of the legislative provision that we have received reads as follows: "Sec. 737. None of the funds made available by this Act may be used to pay the salaries and expenses of any individual to conduct any activities that would allow the importation into the United States of any ruminant or swine, or any fresh (including chilled or frozen) meat or product of any ruminant or swine, that is born, raised, or slaughtered in Argentina: Provided, That this section shall not prevent the Secretary from conducting all necessary activities to review this proposal and issue a report on the findings to the Committees on Appropriations of the House and Senate: Provided Further, That this section shall only have effect until the Secretary of Agriculture has reviewed the domestic animal health aspects of the pending proposal to allow the importation of such products into the United States and has issued a report to the Committees on the findings of such review."

President Kirchner Focused on Export Promotion

¶8. (SBU) Highlighting the GoA's focus on sustaining economic growth by opening foreign markets to Argentine exports, President Fernandez de Kirchner convened over 90 of Argentina's ambassadors abroad to Buenos Aires on March 9. She personally encouraged them to concentrate on the crucial mission of "winning new markets in the world to sustain the country's economic activity in the middle of the international financial crisis and thus maintaining the export levels of 2008." Local media reports that some Argentine ambassadors asked how to reconcile this official order to open foreign markets with current GoA restrictions on the exports of meat and grains. The President responded that the GoA restrictions are not "a closed position set against international trade" but rather one that supports an international trade regime that is "more fair and less asymmetric."

Comment

¶9. (SBU) Approval of legislative restrictions on Argentine beef imports could cause new tensions with the GoA and raise questions about the USG commitment to free trade in advance of the G-20 meetings in April. President Fernandez de Kirchner strongly criticized protectionism by developed countries in a talk on March 9, and it is very possible that the GoA will seize on this issue in the preparations leading up to the G-20 meetings (despite Argentina's own moves to restrict imports). We have been regularly urging GoA officials to abide by their G-20 commitments to avoid protectionist measures, pointing to worrisome GoA tightening of customs procedures among other measures. We are working with officials in the Argentine government to minimize negative press coverage of the issue, but taking all possible steps to move forward with approval of fresh beef imports, particularly in implementation of the requirements in the Omnibus Appropriations Bill, would send a strong signal that the U.S. Government is committed to free trade and the use of sound science in making market access decisions and

that it is not singling out Argentina to prohibit trade.

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